



Alcoa

201 Isabella Street  
Pittsburgh, PA 15212-5858 USA  
Tel: 1 412 553 4458  
Fax: 1 412 553 4822

June 28, 2007

**VIA EXPRESS MAIL**

Jo Anne Osborn, Escrow Agent  
J.P. Morgan Trust Company, N.A.  
One Oxford Centre  
301 Grant Street, Suite 1100  
Pittsburgh, PA 15219

**Re: ALCOA DEMAND FOR RELEASE OF ESCROW FUNDS**

Dear Ms. Osborn:

On December 19, 2006, I submitted to you Alcoa's notice to the Fairchild Corporation seeking indemnification for \$16,385,463.92 in Fastener Environmental Liabilities incurred by Alcoa through September 2006, together with an itemized chart of the individual expenses for which Alcoa sought indemnification and copies of indemnification notices Alcoa had previously provided to Fairchild in connection with those claims. (See Letter of J. Lease to J. Osborn dated Dec. 19, 2006, attached hereto as Exhibit A.) As I indicated in my letter, Alcoa sought the release of Escrow Funds in the amount of \$7,935,463.92, pursuant to the terms of the Escrow Agreement dated December 3, 2002, among Fairchild, Alcoa and J. P. Morgan Trust Company, as escrow agent.

By letter dated January 4, 2007, Fairchild provided written notice of its objection to the release of Escrow Funds to Alcoa. (See Letter of A. Charters to J. Osborn dated Jan. 4, 2007, attached hereto as Exhibit B.) Fairchild noted in its letter that "the dispute over these claims is currently subject to arbitration." Fairchild stated: "As per the terms of the Escrow Agreement, no Escrow Funds are to be released until the Escrow Agent receives a Determination (as defined in Section 4(b)(iii) of the Escrow Agreement)."

On June 21, 2007, the arbitrator presiding over the above-referenced dispute issued his Decision and Award. (See Arbitration Decision and Award dated June 21, 2007, attached hereto as Exhibit C.) The Decision and Award provides that "Alcoa is entitled to receive the amount of \$4,005,585.88 from the Escrow Account payable in full within thirty days of the date of this Award". (See id. § XI F.) The Decision and Award constitutes the "Determination" defined in Section 4(b)(iii) of the Escrow Agreement and referenced in Fairchild's letter of January 4.


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Accordingly, pursuant to Section 4(b)(iii) of the Escrow Agreement, you are instructed immediately to release Escrow Funds in the amount of \$4,005,585.88 to Alcoa. Those funds should be wired to the following bank account:

Bank: Mellon Bank, Pittsburgh  
Beneficiary: Alcoa Inc.  
Account #: 1183208  
ABA: 043000261  
Swift: MELNUS3P  
Reference: Fairchild Arbitration Award

I have sent a copy of this letter, together with its enclosures, to Fairchild. It should be noted that the claims that were subject to arbitration are not exhaustive, and Alcoa reserves the right to submit additional claims for indemnification, as permitted by the Acquisition Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Lease". The signature is fluid and cursive, with the first name "John" being more prominent.

John A. Lease  
Alcoa Inc.

Enclosures

Jo Anne Osborn, Escrow Agent  
J.P. Morgan Trust Company, N.A.  
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cc: Ms. Susan L. Hall, Esq. (via Express Mail)  
The Fairchild Corporation  
1750 Tysons Blvd., Suite 1400  
McLean, VA 22102-4225

The Fairchild Corporation (via Express Mail)  
1750 Tysons Blvd  
Suite 1400  
McLean, VA 22102-4225  
Attn: General Counsel

Cahill Gordon & Reindel (via Express Mail)  
80 Pine Street  
New York, NY 10005  
Attn : James J. Clark, Esq.  
Luis R. Penalver, Esq.

Stephen Frank, Esq.  
Cravath Swaine and Moore, LLP (via e-mail (letter only) & hard copy with enclosure)

(w/enclosures):  
Sanford Harvey, Esq. – Alcoa Inc. (via e-mail)  
Mark Bartholic, Esq. – Alcoa Inc. (via e-mail)